fact providing those items to the CLEC under the terms of such agreement.[67]

Indeed, even Track B's requirement that a BOC generally offer all of the checklist's items presupposes, at a minimum, a showing that each item is generally -- and genuinely -- available, i.e., the BOC has demonstrated via testing or comparable means, that it is currently able to actually and timely furnish the item in competitively significant volumes in a nondiscriminatory manner if requested to do so.[68] The Georgia commission agreed, finding that "generally offer[ing]" checklist

[67]Indeed, if the statute were otherwise, a BOC that could not use Track B (because of the presence of interconnection requests) could nonetheless conduct an end-run around Track A by simply including various checklist terms in an agreement with a CLEC that has no interest in ever using those items -- such as, for example, signing an agreement with a pure reseller that nominally provides for the availability of the unbundled switch element. The CLEC in those circumstances would have no reason to make any effort to negotiate prices and other terms for those items that any CLEC actually desiring them would find acceptable, and the BOC would have created a putative "agreement" that would be no different from a Track B statement -- even though Track B is foreclosed.

[68]Track B's requirement of "generally offer" reflects Track B's different purpose: to provide an avenue for BOC entry in the highly unlikely event that no potential competitor requests (or pursues in good faith) a full access and interconnection agreement. In that single scenario, the BOC would be excused from actually providing the items in the checklist for the obvious reason that the absence of any requests for interconnection make satisfaction of such a condition impossible. That rationale has no application, however, where, as here, numerous parties have requested, and some have actually executed, bona fide interconnection agreements that seek each checklist item from NYT. In this situation, Congress clearly required that the agreements both cover the checklist and be fully implemented -- i.e., that all of the checklist items be actually provided -- before in-region interLATA authority would be granted.

items must mean that they are "actually available." Ga. SGAT Decision, at 8. See p. 3 supra (listing checklist items that are not provided; see also Part II (describing checklist items that are not actually available).

c. **In New York, There are Currently No "Competitors" Providing Telephone Exchange Service to Residential and Business Subscribers.**

In order to satisfy Track A, Congress requires that a BOC's agreements must be with "unaffiliated competing provider[s]" of such services to "residential and business subscribers." 47 U.S.C. § 271(c)(1)(A) (emphasis added). Indeed the title of the Track A provision is "Presence of a Facilities-Based Competitor." Id. (emphasis added) That provision does not merely require, as NYT apparently presumes, an agreement with any unaffiliated provider.

A "competing" provider cannot be just any unaffiliated provider who serves a few customers, because -- by hypothesis -- any provider that seeks access and an interconnection agreement with NYT and begins providing service will be (or at least plans to be) serving customers. For the word "competing" to have independent meaning (and thus for the statutory requirement of facilities-based competition to have meaning), NYT must complete an agreement with a truly "competing" provider -- one that is operational and has the ability to serve and compete for at least a meaningful portion of NYT's statewide business and residential monopoly.[69]

MFS, whom NYT cites as a facilities-based competitor, cannot be viewed as a "competing" provider today. According to the evidence presented by NYT, MFS and the other CLECs combined have, at most, 15,000 unbundled NYT loops and 90,000 interconnection trunks[70] -- which represents less than 0.5% of NYNEX's access lines in the State of New York. While NYT trumpets the operations of these providers (see, e.g., NYT Br. at 12), these meager numbers indicate that no CLEC individually nor the CLECs collectively are in any position at this time to exercise any discipline over NYT's indisputable market power. NYT has failed to meet its evidentiary burden to show that there is meaningful local exchange competition in New York.

In addition, NYT cannot use Track A because it has offered no evidence that MFS is currently serving residential customers. The statute requires that the competing provider be

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[69]The requirement of a truly competing provider is fully supported by the legislative history. The Conference Report characterized section 271(c)(1)(A) as requiring "meaningful facilities-based competition" and anticipated competition from "large, well established" cable companies "such as Time Warner and Jones Intercable" which pass over 95 percent of all homes, and which Congress thought were "actively pursuing plans to offer local telephone service in significant markets." Conf. Rep., p. 148 (emphases added).

[70]The record indicates that a majority of the approximately 90,000 trunks installed includes two-way trunks that are currently being used only on a one-way basis. Tr. 194-95 (Garzillo). Moreover, Mr. Garzillo testified that over 52,000-53,000 of these interconnection trunks are owned by NYT. Tr. 196 (Garzillo).

serving both business and residential customers.[71] NYT states that MFS has a tariff for residential service (NYT Br. at 12), but filing a tariff is not equivalent to actually providing service to residential customers. The record contains no evidence that MFS is serving residential customers. Moreover, it is undisputed that a reseller cannot meet the statute's predominance requirement. NYT Br. at 12-13. Therefore, any evidence that MFS is serving residential customers must also show that MFS is not reselling NYT service to residential customers.

d. NYT Has Failed to Show That the CLECs Use Predominantly Their Own Facilities to Provide Local Service to Business and Residential Customers.

Track A requires that there be one or more CLECs that have interconnection agreements with NYT and that are using "predominantly" their own facilities to offer competing exchange telephone services to residential and business customers. 47 U.S.C. § 271(c)(1)(A). NYT argues, however, that the requirement that there be a facilities-based competitor can be satisfied even when there are no physical alternatives to LEC facilities, because it claims that it has satisfied Track A by entering into agreements with MFS that use predominantly unbundled elements purchased from NYT to offer local exchange services. NYT Br. at

[71]The House Committee emphasized the importance of evidence that competitors are serving residential subscribers: "It is not sufficient for a competitor to offer exchange access service to business customers only, as presently offered by competitive access providers (CAPs) in the business community." H.R. Rep. No. 204, 104th Cong., 2d Sess. at 77 (1996).

11-13. Both Section 271's language and its underlying policy, however, establish that the CLEC's "own" facilities under Track A do not include unbundled network elements it obtains from NYT pursuant to Section 251(c)(3).

The first sentence of Section 271(c)(1)(A) provides that

> a [BOC] meets the requirements of this subparagraph if it has entered into one or more binding agreements that have been approved under section 252 specifying the terms and conditions under which [the BOC] is providing <u>access</u> and interconnection <u>to its</u> network facilities <u>for</u> the network facilities <u>of one or more unaffiliated competing providers</u> of telephone exchange service.

47 U.S.C. § 271(c)(1)(A) (emphasis added). This sentence contemplates, <u>inter alia</u>, two sets of "network facilities" -- the BOC's and the CLEC's -- and an agreement through which the BOC provides "access" for the CLEC's facilities to the BOC's. The statute refers to "access" the BOC provide "to its network facilities," and describes that access as being provided "for" the "facilities" of the competing provider. Therefore, Congress viewed the unbundled elements provided by the BOC as part of the BOC's facilities. Correspondingly, the competitor's "facilities" for which access and interconnection is obtained cannot also refer to the very unbundled elements provided by the BOC.

This construction of Section 271(c)(1)(A)'s first sentence is supported by its second sentence:

> For the purpose of this subparagraph, such telephone exchange service may be offered by such competing providers either exclusively over their own telephone exchange service facilities or predominantly over their own telephone exchange service facilities in

combination with the resale of the telecommunications services of another carrier.

47 U.S.C. § 271(c)(1)(A). The most logical reading of "their own telephone exchange service facilities" in the second sentence is that it refers to the same "network facilities" that are attributed to the competitor in the first sentence -- which, as shown above, do not include unbundled elements. Moreover, the use of the word "own" suggests that the competitor must have an ownership interest in the facilities -- which a CLEC obtaining unbundled network elements from the BOC does not.

Congress had strong reasons for recognizing a substantial difference between the control a CLEC can exercise over facilities it "owns" and the far more limited power it can exercise over unbundled BOC network elements to which it merely obtains "access." To be sure, as the FCC has concluded, Section 251(c)(3) requires regulations that require the BOCs and other incumbent LECs to provide all competitors with the same access, and impose on them the same costs, as those that apply to the BOC's own use of its network elements. See First Report and Order, ¶¶ 218-19, 312-16. The provision of competing service through unbundled network elements obtained from NYT therefore can never provide as effective a marketplace discipline on NYT as would the provision of competing service through facilities the competitor owns itself -- which is why Section 271(c)(1)(A) requires the existence of truly facilities-based competitors.

In sum, NYT cannot use Track A because MFS is not providing service predominantly over its own facilities to residential and business customers.

CONCLUSION

This brief catalogs many -- but hardly all -- of the innumerable shortcomings of NYT's application. In AT&T's view, both of NYT's filings are deficient on their face and should never have been made. These proceedings have been a significant drain on the resources of the Commission and all parties, who instead should have been focusing on their business and opening the local exchange market to competition.

At present, there is nothing to prevent NYT from submitting another facially deficient application for the Commission to review. To guard against another premature NYT filing, this Commission should establish specific guidelines, including performance metrics, for any future NYT filing on this subject. The development of these guidelines and performance metrics that would be included as part of a future NYT filing will require a collaborative effort among NYT, the CLECs and this Commission. Accordingly, AT&T recommends that this Commission convene a technical conference at which these issues can be discussed. Moreover, in order to avoid future unnecessary Section 271 fire drills, the Commission should clarify that it will reject, on motion, any future Section 271 application that is shown to be patently deficient with respect to any one (or more) of the checklist items.

Respectfully submitted,

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Dated: April 17, 1997

CERTIFICATE OF SERVICE

I hereby certify that on April 17, 1997 a copy of the foregoing Initial Brief of AT&T Communications of New York, Inc. was served by overnight courier or by hand for delivery on April 18, 1997 on all parties listed on the Service List appended as Appendix B to the Procedural Ruling dated April 8, 1997.

3

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

AT&T Communications of California, Inc. (U 5002 C), Complainant, v. Pacific Bell (U 1001 C), Defendant.	)	Case No. C-96-12-044

COMPLAINT

AT&T Communications of California, Inc. (U 5002 C) (hereinafter AT&T or Complainant) brings this Complaint against Pacific Bell (U 1001 C) (hereinafter Pacific or Defendant) pursuant to Sections 9-11 of the Rules of Practice and Procedure of the Public Utilities Commission of the State of California (Commission).

In this Complaint, AT&T shows that Pacific has instituted internal processes which have the effects of thwarting the Commission's policy, and the policy expressed in The Telecommunications Act of 1996, of fair and non-discriminatory resale competition. Specifically, AT&T shows that problems with Pacific's internal record keeping system will result in a substantial number of customers who switch their service to a competitive resale carrier having their service disconnected.

Further, Pacific has devoted such limited resources to the handling of resale orders from competitive carriers that it can presently handle only 400 per business day and only promises to improve its performance to 4,000 per business day no earlier than the end of January, 1997. Even if Pacific's systems work flawlessly and at full capacity, Pacific will insure that it retains over 93% of its local market at January 1, 1998, no matter how low the prices of its competitors nor how attractive their service options. This should be compared to Pacific's ability to change the selected long distance carrier of a customer, where Pacific can process more than 100% of its customers within that timeframe. Thus, if Pacific's long distance affiliate PB COM has an attractive offering, it will encounter no delays or backlog in having customers switched to it. In stark contrast, Pacific's local service resale competitors will have to endure long delays and backlogs, assuming their customers are even willing to put up with the delay.

This combination of delayed service, followed by disconnection, can have only one effect on customers considering switching to a competitor. Many will simply give up in frustration and may be forever lost to competitors. Pacific's acts and omissions concerning resale of local service are both anti-competitive and anti-consumer. They violate state and federal statutes and regulations and prior Commission decisions.

In order to prevent the Commission's pro-competitive resale policies from being thwarted at their very outset, AT&T urges the Commission to order Pacific to:

- No later than January 31, 1997, change its internal processes for handling the records of customers so that when one of its customers selects the service of a competing resale carrier, that customer will not suffer a disconnection or service outage;
- Immediately devote sufficient resources to its Local Interconnection Service Center, including the development of true electronic interfaces, and continue to do so throughout 1997, so that all orders from competing resale carriers can be handled within the same timeframes as Pacific provides service to its own end users and with the same reliability as Pacific provides service to its own end users; and
- Immediately honor its commitment to issue Firm Order Confirmations within four hours of receipt of an order from AT&T.

The Parties

1. Complainant, AT&T, is a corporation organized and existing under the laws of the State of California. It is authorized by the Commission to provide interLATA and intraLATA telecommunication services throughout the state, as well as facilities-based and bundled resale competitive local services in the service territories of Pacific and GTE California Incorporated (GTEC). AT&T's address and telephone number are as follows:

AT&T Communications of California, Inc.
795 Folsom Street
San Francisco, CA 94107
(415) 442-2600

2. Defendant, Pacific, is a corporation organized and existing under the laws of the State of California. It is the largest local exchange carrier (LEC) authorized by the Commission to provide intraLATA and local exchange services within various geographical boundaries as identified in its tariffs on file with the Commission. Pacific's address and telephone number are as follows:

Pacific Bell
140 New Montgomery Street
San Francisco, CA 94105
(415) 542-9000

Communications

3. All pleadings, correspondence and other communications concerning this complaint should be directed to the Complainant's attorney as follows:

William A. Ettinger
AT&T Communications of California, Inc.
795 Folsom Street
San Francisco, CA 94107
(Tel.) 415-442-2783
(Fax.) 415-442-5505

Jurisdiction

4. Under sections 701, 1702 and 1707 of the Public Utilities Code, the Commission is vested with broad authority to proscribe any breach of the Public Utilities Code, prior Commission decisions, or applicable provisions of federal or state law. Section 701 provides the broad grant of authority:

> "The commission may supervise and regulate every public utility in the State and may do all things, whether specifically designated in this part or in addition thereto, which are necessary and convenient in the exercise of such power and jurisdiction."

Under sections 1702 and 1707, the Commission has jurisdiction over complaints by public utilities which set forth "any act or thing done or omitted to be done by any public utility [which is] in violation of any provision of law or of any order or rule of the commission." (§ 1702) Further, the Commission has both the power and the obligation to assess and respond to competitive considerations in regulating utilities, Pacific Telesis Group, D. 93-11-011; Northern California Power Agency v. PUC, (1971) 5 Cal. 3d 370.

AT&T's Authority To Provide Resold Competitive Local Service

5. AT&T was granted a certificate of public convenience and necessity by the Commission in Decision (D.) 96-02-072 to operate as a competitive local carrier (CLC) with authority to resell local exchange service within the service territories of Pacific and GTEC, effective March 1, 1996.

6. Pursuant to that authority, on June 26, 1996 AT&T filed a market trial with the Commission, effective July 1, 1996, to provide resold local service to the employees of its parent, AT&T Corp. That employee market trial was amended by a filing on August 5, 1996, effective September 5, 1996.

7. Pursuant to that authority, on August 29, 1996 AT&T filed a market trial with the Commission, effective September 6, 1996, to provide resold basic local service to business customers.

8. Pursuant to that authority, on October 18, 1996 AT&T filed a market trial with the Commission, effective November 18, 1996, to provide resold PBX trunks service to business customers.

9. Pursuant to that authority, on December 4, 1996 AT&T filed with the Commission, effective December 9, 1996 a tariff for the provision of resold local exchange service to residential customers in the service area of Pacific.

10. At all times relevant herein, AT&T obtained local exchange services for resale from Pacific from Pacific's Tariff SCHEDULE CAL. P.U.C. No. 175-T, Section 18, Services for Resale.

Pacific Has Instituted Internal Practices Which Virtually Insure That Many CLC Resale Customers Will Have Their Service Disrupted

11. In connection with AT&T's provision of resold basic local service to business customers, Pacific has on at least five (5) separate occasions

caused such customers to be disconnected and totally out-of-service for periods of up to 12 hours. Specifically:

a. AT&T's Business Customer A, with eleven (11) lines, was disconnected on November 8, 1996 at 7:39 a.m. and service was not reestablished until 5:45 p.m., and the customer was incorrectly reassigned to Pacific.

b. AT&T's Business Customer B, with four (4) lines, was disconnected on November 11, 1996 at 11:00 a.m. and service was not reestablished until 2:56 p.m.

c. AT&T's Business Customer C, with eight (8) lines, was disconnected on November 13, 1996 at 1:30 p.m. and service was not reestablished until 9:30 p.m. In addition, this customer had its "hunt group" feature removed without authorization on two prior occasions, November 9 and November 11.

d. AT&T's Business Customer D, with twelve (12) lines, was disconnected on November 23, 1996 at 4:30 p.m. and service was not partially reestablished until November 24, 1996 at 5:00 a.m.

e. AT&T's Business Customer E, with twenty (20) lines, was disconnected on November 25, 1996 at 3:19 and service was not reestablished until 4:45 p.m. This customer also experienced problems with its "hunt group" feature on November 22, 1996.

12. As a direct result of Pacific's actions in disconnecting its service, Customer D decided to terminate its local service with AT&T and became a

customer of Pacific for local service. Indeed, the co-owner of Customer D stated that he was told by Pacific's business service office, when he inquired about the outage on November 23, that AT&T ordered the service discontinued. Despite Pacific's agreement to do so, the Pacific business services representative did not give the customer the appropriate AT&T 800 number and, since November 23 was a Saturday, the customer did not know how to contact the appropriate AT&T office for help. As a result of the frustration this customer experienced, it has terminated its AT&T service and has claimed damages of $15,000 from AT&T for the service interruption.

13. Pacific was made aware of the outages on each of the above-referenced occasions.

14. Further, on November 15, 1996 Ms. Lois Hedg-peth, AT&T's Vice President - Pacific States Local Service Organization, wrote to Ms. Elizabeth Fetter, Pacific's President - Industry Markets Group, informing Pacific of the problems AT&T was encountering with regard to Pacific's disconnection of AT&T's customers. A copy of that letter is attached and marked as Attachment 1.

15. Upon information and belief, AT&T alleges that the disconnection of AT&T's customers is a result of Pacific's anticompetitive practices in regard to handling the records of a customer who decides to obtain service from a CLC (referred to herein as a customer who "migrates").

16. Upon information and belief, AT&T alleges that Pacific does not migrate a resale customer to AT&T or any other CLC simply by changing the

customer's records. Rather, to migrate a customer Pacific issues two orders to its systems. First, it issues an order over its Customer Records Information System (CRIS), which is intended to inform the billing system to issue a final bill to the customer. Second, and at the same time, Pacific issues an order over its Carrier Access Billing System (CABS) which is intended to inform the switch and related records that the customer is not a Pacific customer but the customer of a CLC.

17. Upon information and belief AT&T alleges that if the CRIS and CABS orders become disassociated within Pacific's internal systems, then its CRIS order continues on past its intended function of only causing a final bill to be issued. The CRIS order proceeds on to technicians of Pacific informing them that the customer is no longer a Pacific customer and may be disconnected so that the associated cable pairs, switch terminations, and phone number may be reassigned. When this occurs the customer's service is disconnected and the customer is out of service, even though the customer is actually intending to receive resold service from a CLC.

18. Pacific's internal processes for handling the records of customers who have chosen the resold service of CLCs is seriously flawed. By including a "disconnect" order via its CRIS system, Pacific virtually insures that a substantial number of its competitors' customers will experience an interruption of service shortly after switching over their service. Pacific's internal processes thus result in unsatisfactory service for a substantial

number of its competitors' customers and, as shown in paragraph 12, place its competitors at a serious disadvantage.

19. AT&T has on several occasions (see Attachment 1) requested that Pacific fix its processes so that customer requests to migrate to a CLC are accomplished without Pacific issuing internal orders that could be interpreted as requiring physical disconnection and reconnection of service. To date, Pacific has not made a firm commitment to do so in a timely manner.

Pacific Has Failed To Devote Adequate Resources To Process Customer Changes To CLCs, So That A Serious Backlog Will Occur

20. Another serious problem with Pacific's processes for migrating customers to CLCs concerns the operation of its Local Interconnection Service Center (LISC). Upon information and belief, AT&T alleges that Pacific's LISC is the center responsible for handling all orders from CLCs to migrate resale customers from Pacific to the CLC.

21. On November 18, 1996, in the course of a meeting between Pacific and AT&T employees designed to resolve technical issues concerning customer migration, Ms. Jeanette Corby, Pacific's Vice President - AT&T Account, informed Ms. Mary Ann Collier, AT&T's Local Infrastructure and Access Management Vice President, that Pacific's LISC could handle only 400 to 500 migration orders per business day for the remainder of 1996 and

that beginning January 1, 1997 the capacity of the LISC would be expanded to handle only 1,000 migration orders per business day.

22. On November 25, 1996 Ms. Collier telephoned Ms. Corby to confirm that she had correctly understood the limitations of the LISC described above. Ms. Corby confirmed those limitations.

23. AT&T and Pacific had agreed that within four (4) hours of receipt of an order to migrate a customer, Pacific will issue a Firm Order Confirmation (FOC) either accepting the order and the cutover date, rejecting the order because of an error in the order, or indicating that the requested cutover date cannot be met (referred to as a "jeopardy"). In a letter dated October 22, 1996, Ms. Caryn Moir, Pacific's Director - Industry Markets, acknowledged the four hour FOC commitment, admitted that Pacific was not meeting that commitment, and stated that Pacific believed it could provide a four hour FOC by November 15, 1996. A copy of that letter is attached and marked as Attachment 2. Subsequently, at a meeting between AT&T and Pacific on November 4, 1996, Ms. Corby (Ms. Moir's supervisor) stated that Pacific would not meet the November 15th target for a four hour FOC. Thereafter, Pacific informed AT&T that Pacific's current target for a four hour FOC is May, 1997.

24. AT&T has tracked Pacific's performance in issuing FOCs within twenty-four (24) hours, a much longer period than the four (4) hours Pacific had previously agreed to. During the last two weeks of November approximately 25% of all AT&T migration orders were not responded to

within twenty-four hours. AT&T's tracking of Pacific's performance also revealed that during the last two weeks of November approximately 33% of the migration orders were not completed on the customer requested due date.

25. On December 3, 1996, concerned by the serious backlog Pacific was experiencing in handling AT&T's migration orders, and the likelihood of even greater backlogs as customer migration efforts of CLCs accelerated, Ms. Collier wrote to Mr. Jerry Sinn, Pacific's Communications Management Services Vice President, asking how many migration orders Pacific could process over the next six months. A copy of that letter is attached and marked as Attachment 3.

26. On December 4, 1996, Mr. Sinn responded to Ms. Collier by letter indicating that "the current overall LISC capacity is approximately 400 orders per day. Upon completion of additional mechanization efforts, we will move to approximately 2,000 orders per day by the end of January, 1997." A copy of this letter is attached and marked as Attachment 4.

27. On December 6, 1996, Ms. Collier again wrote to Mr. Sinn to confirm whether the numbers referenced in Mr. Sinn's letter constituted the capacity of the LISC for just AT&T or the CLC industry as a whole. Ms. Collier's letter also informed Pacific that the stated capacity of the LISC,

even if for AT&T alone, was insufficient.[1] A copy of that letter is attached and marked as Attachment 5.

28. On December 11, 1996, Ms. Corby wrote to Ms. Hedg-peth again confirming that Pacific "expect[s] to be able to manage 2,000 orders per day by the end of January." In the letter, Ms. Corby also acknowledges that "we have not met our four hour objective for FOC." A copy of that letter is attached and marked as Attachment 6.

29. However, just two days later on December 13, 1996, Pacific Telesis' Vice President - Washington Operations, Mr. Thomas Moulton, wrote to FCC Chairman, Mr. Reed Hundt, stating, "[s]ince then we have accelerated our efforts beyond what we told AT&T. We now will be prepared to handle 2000 orders a day by year's end, and 4000 orders a day by the end of January, 1997." AT&T has obtained a copy of this letter, but Pacific has never directly notified AT&T of Pacific's new view of its LISC capacity limits. A copy of that letter is attached and marked as Attachment 7.

30. Pacific's expressed ability to process customer migration orders through its LISC bottleneck is woefully inadequate. Ms. Moir's letter (Attachment 2) indicates that, "[s]ome of the problems that we have identified are: universal [sic] staffing in the LISC, <u>inadequate staffing in the</u>

[1] AT&T believes from the context of the letter that the quoted LISC capacity is for the entire CLC industry.

LISC, fully manual order processing, and inconsistent flow through NDM" (emphasis added).

31. In addition to the problems at the LISC identified in Ms. Moir's letter, and despite Pacific's agreement that it would process AT&T's migration orders utilizing an interim electronic interface, when such migration orders are electronically transmitted by AT&T to Pacific's LISC, such orders are not electronically and automatically entered into the requisite Pacific order handling systems. Upon information and belief AT&T alleges that the migration orders electronically transmitted by AT&T terminate at a display screen in the LISC. Sometime thereafter, a Pacific employee accesses the screen, reads it, and then manually types the information into the requisite Pacific order handling systems. Such manual intervention does not constitute an interim electronic interface as understood by AT&T and Pacific throughout discussions on this subject. Manual intervention significantly decreases the number of migration orders Pacific can handle, and significantly increases the likelihood of error by Pacific.

32. Deployment of interim electronic interfaces by Pacific are critical. In the interconnection agreement between Pacific and AT&T, the parties agreed upon an implementation schedule for true electronic interfaces by Pacific. However, pursuant to that schedule, all electronic interfaces for the ordering and pre-ordering processes are not scheduled to be deployed until April, 1998, and there is no guarantee that Pacific will be able to meet the

schedule. Until true electronic interfaces are fully deployed, interim electronic interfaces are vital to CLCs such as AT&T.

33. Pacific's promises concerning the capacity of its LISC in 1997 have changed from 1,000 on November 18 to 2,000 on December 4 to 4,000 on December 13, and it is, therefore, impossible for AT&T, or any CLC, to know what an accurate estimate of Pacific's LISC capacity is for 1997. It is interesting to note that Pacific doubled its estimate of its 1997 LISC capacity just one day after AT&T made its concerns known about the competitive local service entry restrictions being imposed by Pacific at a meeting attended by federal regulators.

34. However, even assuming Pacific's LISC operates at the full capacity stated in Attachment 7 on each business day in 1997, and without problems, Pacific will be able to process fewer than one million customer migration orders. Compared with Pacific's customer base of 15 million lines, this means that by January 1, 1998, almost two years after this Commission ordered resale competition, Pacific would insure itself a market share of over 93%.[2] This limitation on competitive inroads would occur no matter how attractive the price of CLCs' service, no matter how good the customer service of CLCs, and no matter how robust a marketing campaign the CLCs waged. By simply limiting its LISC capacity Pacific is in a position to single-

[2] This calculation assumes no growth in the market. Including normal growth and the addition of second lines would make Pacific's market share even greater.